

**MINUTES OF MEETING
OF THE
BOARD OF COMMISSIONERS**

October 15, 2020

The Regular Meeting of the Rhode Island Housing and Mortgage Finance Corporation (the “Corporation” or “RIHousing”) Board of Commissioners was held on Thursday, October 15, 2020 at 9:30 a.m. The meeting was held via telephone conference call pursuant to Executive Order 20-46 (extended by Executive Order 20-84, and as may be further amended or extended).

Carol Ventura, Executive Director, introduced Carl Rotella, Director of Information Technology, who outlined the parameters of the meeting.

Mr. Rotella stated that (i) the meeting would be recorded and available for review on the RIHousing website within 3-5 business days after the meeting and (ii) except for the Board of Commissioners and specific RIHousing staff, all callers will be muted during the meeting. Mr. Rotella announced that if during the meeting anyone had technical difficulties with audio or accessing the call, they should call (401) 457-1240.

Next, Nicole Clement, General Counsel, provided additional information for those participating in the meeting. Ms. Clement stated that (i) pursuant to Executive Order 20-46 (as extended by Executive Order 20-84, and as may be further amended or extended) the meeting was being held via teleconference, (ii) members of the public could visit the RIHousing website to view the agenda and information on the actions being taken and (iii) in the event the teleconference was interrupted, staff would stop the meeting until audio was restored.

Ms. Clement also stated that Chairman Retsinas would preside over the meeting and requested that any Commissioner or staff to state their name prior to speaking and to mute their telephone if not speaking. She then invited Chairman Retsinas to call the meeting to order.

A quorum being present, Chairman Retsinas introduced himself and officially called the meeting to order at approximately 9:35 a.m. Chairman Retsinas then invited Ms. Ventura to proceed with the roll call of Commissioners and RIHousing staff (in attendance).

Ms. Ventura then conducted a roll call vote of Commissioners and staff participating in the meeting. Commissioners participating via conference call were: Nicolas P. Retsinas; Brett Smiley, Director of the Department of Administration; LeeAnn Byrne, Designee for General Treasurer Seth Magaziner; Elizabeth Tanner, Director of the Department of Business Regulations; Kevin Orth; Stephen P. McAllister and Maria Barry.

RIHousing staff participating were: Carol Ventura, Executive Director; James Comer, Deputy Executive Director; Kara Lachapelle, Chief Financial Officer; Lisa Primiano, Chief Operating Officer; Leslie McKnight, Assistant Deputy Director of Loan Servicing; Bernadette MacArthur, Director of Finance; Eric Shorter, Director of Development; Peter Pagonis, Director of Homeownership; Christine Hunsinger, Assistant Deputy Director External Affairs, Policy &

Research; Nicole Clement, General Counsel; and Carl Rotella, Director of Information Technology.

Steve Richard, Counsel to the Corporation, was present on the call as were members of the public.

Pursuant to Chapter 46 of Title 42 of the General Laws of Rhode Island, notice of the meeting of the Board of Commissioners was posted in the Offices of the Corporation, on the Corporation's web site www.rihousing.com and at the following link: <https://www.rihousing.com/rihousing-board-meeting-october-15-2020/>.

Approval of Minutes of Board Meeting held on September 17, 2020

Chairman Retsinas asked for a motion and a second for the approval of the Board of Commissioners meeting minutes held on September 17, 2020. A motion was made by Commissioner Smiley and seconded by Commissioner Designee Byrne. There being no discussion, Nicole Clement, General Counsel, conducted a roll call vote of the Commissioners. The commissioners voted as follows:

Chairman Retsinas	Aye
Commissioner Smiley	Aye
Commissioner Orth	Aye
Commissioner Tanner	Aye
Commissioner McAllister	Aye
Commissioner Barry	Aye
Commissioner Designee Byrne	Aye

Ms. Clement then stated that the following was unanimously adopted:

VOTED: That the minutes of the Board Meeting held on September 17, 2020 hereby are approved.

Chairman's Remarks

Chairman Retsinas began by thanking everyone for participating in this morning's meeting. Chairman Retsinas then announced that the position of Vice-Chairperson has been vacant for a while and that he recommends that the members of the Board of Commissioners elect a member to serve in that capacity.

Selection and Approval of Commissioner to Serve as Vice-Chairperson of the Board of Commissioners.

Chairman Retsinas explained that pursuant to the Rhode Island Housing and Mortgage Finance Corporation Act, R.I. Gen. Laws §42-55-1, et seq. (the "Act"), the powers of Rhode Island Housing and Mortgage Finance Corporation (the "Corporation") shall be vested in seven (7) commissioners consisting of the Director of Administration, or his or her designee, the General

Treasurer, or his or her designee, the Director of Business Regulation, or his or her designee; and four (4) members to be appointed by the Governor with the advice and consent of the Rhode Island State Senate. In Article IV, Section 1 of the By-Laws of the Corporation, the officers of the Corporation shall consist of a Chairperson, Vice-Chairperson, Secretary and Treasurer. The Chairperson is designated by the Governor and the Executive Director serves as Secretary. In Article IV, Section 2(b) and (c) of the Bylaws of the Corporation, the positions of Vice-Chairperson and Treasurer shall be elected by the Board of Commissioners from among its members.

On September 22, 2016, Commissioner Michael DiBiase was elected by the members of the Board of Commissioners to be the Vice-Chairperson of the Corporation. In December 2019, Commissioner DiBiase announced his departure as the Director of the Rhode Island Department of Administration. The position of Vice-Chairperson of the RIHousing Board of Commissioners remains vacant. It is in the best interest of the Corporation that a new Vice-Chairperson be elected by the Commissioners to be available to perform the duties of the Chairman, Nicolas P. Retsinas, in the absence or inability of the Chairman to carry out those responsibilities.

The staff of the Corporation recommends that the Board of Commissioners elect one of its members to serve as Vice-Chairperson of the Corporation.

Chairman Retsinas then opened the floor to nominations for the Vice-Chairperson position.

Commissioner Tanner nominated Commissioner Smiley to serve as Vice-Chairperson of the Board of Commissioners.

As no other nominations were presented, Chairman Retsinas asked for a motion and a second for the Approval of Commissioner Smiley to Serve as Vice-Chairperson of the Board of Commissioners.

A motion was duly made by Commissioner Tanner and seconded by Commissioner Orth.

There being no discussion, Nicole Clement, General Counsel, conducted a roll call vote of the Commissioners. The commissioners voted as follows:

Chairman Retsinas	Aye
Commissioner Orth	Aye
Commissioner Tanner	Aye
Commissioner McAllister	Aye
Commissioner Barry	Aye
Commissioner Designee Byrne	Aye

Ms. Clement announced that the nomination of Commissioner Smiley as Vice-Chairperson of the RIHousing Board of Commissioners was unanimously approved.

Chairman Retsinas thanked Commissioner Smiley for his acceptance of the Vice-Chairperson position and mentioned that RIHousing values the relationship and plans to continue to build solid bridges with the Department of Administration.

Commissioner Smiley then thanked Chairman Retsinas and Ms. Ventura for the opportunity to serve as Vice-Chairperson of RIHousing's Board of Commissioners. Commissioner Smiley stated that he has been in Rhode Island for a long time and is proud to be affiliated with the Corporation.

Executive Director's Review of Recent Activities and Trends

Carol Ventura, Executive Director, greeted everyone and gave an update on the Corporation's activities.

Homeownership. Ms. Ventura reported that lending volume has slightly decreased for this period, but that is not surprising considering the season and the COVID-19 pandemic. Staff is hopeful that the roll out of the Homeownership Division's new down payment assistance program, "10kDPA" will spur homebuying activity.

Loan Servicing. Ms. Ventura stated that delinquencies continue in the double-digit numbers. In September 2020, staff saw an increase in overall delinquency of 698 delinquent loans for a total of 1,854 delinquent loans out of the active portfolio of 12,518 loans. This is a delinquency rate of 14.81%. In September 2019, the active portfolio was 12,640 loans of which 1156 loans were delinquent. This is a delinquency rate of 9.15%. The number of seriously delinquent loans (90+ days) was 1097 (8.76%) in September 2020, compared to 269 (2.13%) in September 2019.

Next, Ms. Ventura stated that the Loan Servicing Division continues to actively work with delinquent borrowers to employ various mortgage assistance options. Currently, those efforts have resulted in ninety-nine (99) RIHousing borrowers reinstating their mortgage.

Development. Ms. Ventura announced that on October 15, the Development Division will issue a Request for Proposals (RFP) for the 2021 Low-Income Housing Tax Credits (LIHTC) Program. Requests for the tax credits are oversubscribed and applications are due December 18, 2020.

Ms. Ventura was pleased to reveal that the Development Division staff will hold a virtual workshop for developers on November 2 for the 2021 Low-Income Housing Tax Credit Program application round. The Communications Department is also scheduling virtual workshops for contactors and lenders along with landlord trainings and first-time homebuyer educational workshops.

Ms. Ventura mentioned that the National Lead Poisoning Prevention Week (NLPPW) is October 25-31. Each year, NLPPW is a call to bring together individuals, organizations, industry, and state and local governments to increase lead poisoning prevention awareness to reduce childhood exposure to lead. In honor of NLPPW, RIHousing is releasing a Lead commercial to promote the U.S. Department of Housing and Urban Development (HUD)

\$8.44 million High Impact Neighborhoods Demonstration grant for 4 census tracts located in Central Falls and Pawtucket. A link to that commercial is uploaded on BoardDocs and Ms. Ventura invited the Commissioners to view the commercial at their leisure. Ms. Ventura also noted that the children featured in the commercial are the grandchildren of Claribel Shavers, Director of the Leased Housing and Rental Services Division.

Leased Housing and Rental Services. Ms. Ventura remarked that she is excited to announce that after the Board of Commissioners passed a resolution that added the administration of special purpose vouchers/funding for the Foster Youth Initiative (FYI), RIHousing qualified housing agencies to deploy tenant protection vouchers for up to 25 youth who are or were recently involved with DCYF and are at-risk of homelessness. Staff has executed a Memorandum of Understanding with the RI Department of Child, Youth and Families (DCYF) and Foster Forward. RIHousing is happy to report that 10 youths have been identified and a request to HUD for these special vouchers has been submitted.

Ms. Ventura then announced that she is proud to share that Elizabeth Bioteau, CoC Planner and Program Manager, will be the recipient of the Rhode Island Coalition for the Homeless 2020 Senator Reed Advocacy Award. The Senator Jack Reed Advocacy Award is a permanent award to honor the Senator for his national leadership on affordable housing and homelessness. As this year's recipient of the Senator Jack Reed Advocacy Award, Ms. Bioteau has demonstrated that she is resolute in her advocacy efforts to maintain the safety and well-being of those experiencing homelessness during the COVID-19 pandemic.

Additionally, Ms. Ventura was happy to impart that RIHousing staff members Claribel Shavers, Director of Leased Housing and Rental Services, Michael DiChiaro, Assistant Director Development/Asset Management & Compliance, and Susan Halloran, Manager, Multi-Family Financial Assets have completed an intensive rental housing finance program and have all passed with very high scores. Ms. Ventura congratulated Ms. Shavers, Mr. DiChiaro and Ms. Halloran on their accomplishment.

Ms. Ventura then informed the Commissioners that on September 30, President Trump signed a continuing resolution to extend current spending levels through December 1, avoiding a government shutdown. However, no progress has been made on a stimulus package.

Continuing, Ms. Ventura stated that on September 14 and 15, the Finance Department successfully executed a new bond issuance for the Homeownership Opportunity Bond Program. This issuance will provide \$121.5 million of financing for first-time homebuyer mortgage loans along with \$20.4 million to refund more expensive outstanding bonds. The issuance marks RIHousing's first sale of social bonds and the first single-family housing social bond issuance in the country to be mapped to the United Nations Sustainable Development Goals (a set of standards used by all countries to promote investment in sustainable development through economic, social and environmental activities and projects). The social bond designation highlights the work that RIHousing does to provide financing opportunities for first time homebuyers who may not be able to access the traditional mortgage market. Highlighted by the designation were RIHousing programs which provide mortgages to borrowers with incomes below 80% of area median income and down payment assistance to

borrowers who may not have the savings for a down payment on a home. This issuance received significant investor interest with over \$450MM in orders received for the \$142MM offering. Five (5) investors indicated that the social bond designation was the motivation for their interest in the bonds with orders of \$93MM. This strong investor interest allowed for an overall reduction in bond costs of more than \$800,000 over the life of the bonds.

Finally, Ms. Ventura advised the Board of Commissioners that staff plans to have a public engagement process to frame a strategic plan to advantageously position the Corporation to pivot and situate itself for post COVID-19 measures.

Ms. Ventura then asked if anyone had any questions. No questions were presented.

Approval of External Charitable Donations and Contributions

Chairman Retsinas stated that Carol Ventura, Executive Director, would give this presentation.

Ms. Ventura stated that the request is for approval and ratification of external Charitable Donations and Contributions of Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) pursuant to the Quasi-Public Corporations Accountability and Transparency Act, Chapter 155 of Title 42 of the Rhode Island General Laws (the “Act”).

RIHousing is a public corporation of the State of Rhode Island. In carrying out its statutorily-defined public purposes, RIHousing collaborates with a number of organizations that share and advance its mission. In some instances, RIHousing is asked to financially support programs and activities of organizations engaged in activities that are consistent with and further its public purposes. RIHousing is often invited by its community partners to attend or gain recognition at community events, such as annual meetings or fundraisers, where our organizational presence is necessary or desirable.

At its meeting of December 11, 2014, the Board of Commissioners adopted the Handbook of Policies and Procedures to Ensure Accountability (the “Handbook”) pursuant to the Act. Section C of the Handbook sets forth RIHousing’s policy on charitable and civic donation. This Section provides that, consistent with the Act, all Charitable Donations and Contributions must be approved or ratified by the full Board of Commissioners at an open meeting.

Attachment A, which attachment is included as part of the October 15, 2020 Board of Commissioner package, sets forth events for which RIHousing has or will make a charitable donation or contribution. This Attachment A identifies the recipient of the expenditure, the amount of the expenditure, the nature of the event, the reason for supporting the event or recipient, each Commissioner or employee who will receive any benefit from the expenditure, and the general ledger account number where the expenditure will be recorded in RIHousing’s accounting system. None of these expenditures require any disclosure under the Rhode Island Code of Ethics.

RIHousing’s support of the work of the organization(s) listed on Attachment A, furthers its corporate purposes of encouraging and stimulating the development of housing to alleviate the

shortage of safe and sanitary residential housing for low- and moderate-income persons as set forth in R.I.G.L. §42-55-2(a). For example, HousingWorksRI at Roger Williams University (“HWRI”) is an authoritative source for information about housing in Rhode Island, and for conducting research and analyzing data to inform public policy. The 2020 Housing Fact Book contains regional data on the communities comprising the 39 cities and towns in the State of Rhode Island and the annual release event is an opportunity for RIHousing staff to learn the latest on this data. The work of this organization furthers and supports the mission of RIHousing.

Chairman Retsinas asked for a motion and a second for the approval of External Charitable Donations and Contributions.

A motion was duly made by Commissioner Smiley and seconded by Commissioner Designee Byrne. There being no discussion, Nicole Clement, General Counsel conducted a roll call vote of the Commissioners. The commissioners voted as follows:

Chairman Retsinas	Aye
Commissioner Smiley	Aye
Commissioner Orth	Aye
Commissioner Tanner	Aye
Commissioner McAllister	Aye
Commissioner Barry	Aye
Commissioner Designee Byrne	Aye

Ms. Clement announced that the following resolution was unanimously adopted:

**Resolution of the Board of Commissioners of
Rhode Island Housing and Mortgage Finance Corporation**

Whereas, the legislative findings set forth in Rhode Island Housing and Mortgage Finance Corporation’s (“RIHousing”) enabling act (R.I.G.L. §42-55-2(a)) provide that the serious shortage of safe and sanitary residential housing leads to environmental decline, depreciated value, reduced tax-paying capacity and impaired investment in the communities of the state; and

Whereas, RIHousing is authorized by statute to take action to encourage new housing in an orderly and sustained manner and to encourage and stimulate the construction of such housing through public financial support; and

Whereas, the organization(s) set forth in Attachment A presented at this meeting have asked RIHousing to provide financial support of their activities as described in Attachment A; and

Whereas, the organization(s) set forth in Attachment A plays an important role in supporting community revitalization and the development of affordable homes

for low- and moderate-income families and individuals and policies that impact RIHousing’s mission; and

Whereas, RIHousing staff has reviewed the request for financial support and determined that it is consistent with RIHousing’s legislative purposes; and

Whereas, Attachment A sets forth the information required by the Quasi-Public Corporations Accountability and Transparency Act, Chapter 155 of Title 42 of the Rhode Island General Laws.

NOW, THEREFORE, IT IS HEREBY:

Resolved, that the expenditure(s) set forth in Attachment A are consistent with and in furtherance of the mission and policy initiatives of RIHousing.

Resolved, the expenditure(s) set forth in Attachment A are hereby approved and ratified.

Resolved, that the Executive Director, Deputy Executive Director and the Chief Operating Officer, each acting singly, are hereby authorized and directed to take any and all actions they deem necessary and appropriate to carry out the forgoing resolutions.

Revised Approval of Supportive Housing Acquisition Program Award for Rockville Mill

Chairman Retsinas recognized James Comer, Deputy Executive Director, who presented the request.

Mr. Comer stated that this request is for a revised approval of Supportive Housing Acquisition Program financing for Rockville Mill, a 14-unit affordable housing development in Hopkinton, Rhode Island. In September 2020, the Board of Commissioners approved an award of \$775,000.00 for this purpose based on an initial offer by applicant, Marathon Construction, Inc. (“MCI”), to the court-appointed receiver controlling the subject property; however, with the public bidding process now complete and a final purchase price established, staff requests Board of Commissioner (the “Board”) approval of a revised award in the amount of \$920,000.00.

The Board may recall that in response to the COVID-19 public health crisis, the State of Rhode Island made funds available from the State’s Coronavirus Relief Fund (“CRF”) allocation under the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act, to acquire real property for the immediate purpose of providing supportive housing for individuals and families experiencing homelessness. Following a competitive process, staff recommended the approval of three projects totaling \$2,058,700.00, including \$775,000.00 to MCI for Rockville Mill. This funding was approved at a regular meeting of the RIHousing Board of Commissioners on September 17, 2020.

Subsequent to the September Board meeting, on September 21, 2020, a hearing was held in Rhode Island Superior Court in the matter of the disposition of Rockville Mill. All prospective

buyers were afforded the opportunity to improve upon their submitted offers and an auction was conducted. Multiple parties participated in the auction. At the conclusion, the acquisition price of the property had increased from MCI's initial offer of \$710,000.00 to a best and final price of \$855,000.00, which was accepted by the receiver and approved by the judge.

Consistent with its initial application to RIHousing for Supportive Housing Acquisition Program funding, MCI contemplates transaction costs not to exceed \$65,000.00, for a total revised award request of \$920,000.00.

The resolution authorizing a revised Supportive Housing Acquisition Program award for Rockville Mill is recommended for approval.

Commissioner Orth confirmed that the Credit Committee discussed the request, noted that the property was recently utilized as affordable housing and that the costs are appropriate. The Committee expressed no opposition to the revised request for Rockville Mill.

Following the presentation, Chairman Retsinas asked for a motion and a second for the Revised Approval of Supportive Housing Acquisition Program Award for Rockville Mill.

A motion was duly made by Commissioner Orth and seconded by Commissioner Barry.

Ms. Clement, General Counsel, then conducted a roll call vote of the Commissioners, eligible to vote. The Commissioners voted as follows:

Chairman Retsinas	Aye
Commissioner Smiley	Aye
Commissioner Orth	Aye
Commissioner Tanner	Aye
Commissioner McAllister	Aye
Commissioner Barry	Aye
Commissioner Designee Byrne	Aye

Ms. Clement announced that the following resolution was unanimously adopted:

**Resolution of the Board of Commissioners
Of Rhode Island Housing and Mortgage Finance Corporation**

Whereas: the State of Rhode Island has agreed to make up to \$7,000,000 available for the acquisition of real property for the immediate purpose of providing supportive housing for individuals and families experiencing homelessness during the COVID-19 public health emergency;

Whereas: Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) has agreed to assist the State of Rhode Island to make awards to qualified subawardees by carrying out a competitive process and administering a financial assistance program;

Whereas: since receiving initial approval of an award from the RIHousing Board of Commissioners on September 17, 2020, the applicant (“Applicant”) listed below has presented a revised application to RIHousing requesting funds to acquire the following properties:

<u>Development</u>	<u>Applicant</u>	<u>Award</u>
Rockville Mill	Marathon Construction, Inc.	\$920,000

Whereas: staff has reviewed this revised submission and determined that the development continues to meet the threshold criteria for the Supportive Housing Acquisition Program funds, as such criteria were set forth in the applicable request for proposals; and

Whereas: subaward will remain contingent upon the housing sponsor’s agreement to long term affordability restrictions among other representations and covenants in a note, mortgage, and other program documents held by RIHousing.

NOW, THEREFORE, IT IS HEREBY:

Resolved: that, subject to the special conditions listed below, RIHousing hereby authorizes the revision of the Supportive Housing Acquisition Program award to a total amount of \$920,000.00 to the aforementioned applicant and its respective project as set forth in Attachment B.

Resolved: that the foregoing resolution is subject to the following conditions:

- Funding being made available by the State of Rhode Island, whether from unrestricted State funds or a portion of the State’s allocation of Coronavirus Relief Fund (“CRF”) funding under the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act, for use by RIHousing;
- Execution of a final written agreement by and between the State of Rhode Island and RIHousing related to the allocation and use of the CRF funds;
- Receipt of a current appraisal supporting the acquisition price;
- Approval by RIHousing of the terms of the real estate acquisition transaction, and receipt of required due diligence;
- Performance of deal specific conditions contained in the applicant’s response to the request for proposal;
- Zoning, planning and occupancy approvals provided by the municipality in which the site is located;

- Concurrence by appropriate agencies of the State of Rhode Island that the project meets the intent and criteria of the Supportive Housing Acquisition Program;
- Developer's written commitment to operating the property as housing for homeless individuals and families impacted by COVID-19 for a minimum of three (3) years or until RIH approval of a development plan for permanent supportive housing, and fund any operating deficit, which is currently estimated at \$120,000 per annum;
- Execution and delivery of all documents necessary to effectuate the transaction; and
- Completion of all items required for closing in accordance with the request for proposals and the timeline specified therein.

Resolved: that the Executive Director, the Deputy Executive Director, or the Director of Development, each acting singly, shall and are hereby authorized to take any and all actions they deem necessary to carry out the foregoing resolutions, including the execution of such agreements, instruments, or documents as may be relevant to the transaction.

Firm Approval of Financing for Beachwinds Apartments (Narragansett)

Chairman Retsinas announced that Eric Shorter, Director of Development, would present this request.

Mr. Shorter stated that this request is for the firm approval of tax-exempt financing in an amount not to exceed \$17,500,000 for Beachwinds Apartments (hereinafter referred to as "Beachwinds" or the "Development"). Preservation of Affordable Housing, Inc. is the developer ("POAH" or the "Developer"). The Development received preliminary approval from the Board of Commissioners in April 2020.

The Development is the refinance of 2 separate post year-15 low-income housing tax credit ("LIHTC") projects, South Winds Apartments and Beachwood Apartments, both located in Narragansett, RI and constructed in 1977. South Winds Apartments comprises 3 buildings with a total of 48 units of which 42 are one-bedroom units and 6 are two-bedroom units. Beachwood Apartments comprises 1 building with 3 wings linked by common corridors with a total of 56 units of which 52 are one-bedroom units and 4 are two-bedroom units. In total, the Development will have 104 units.

Both Beachwood Apartments and South Winds Apartments were refinanced in the early 2000's with financing from Rhode Island Housing and Mortgage Corporation ("RIHousing"). The existing first mortgages for both sites will be paid off as part of this transaction. South Winds Apartments also has an Affordable Housing Trust Fund ("AHT") loan that is payable from surplus cash. As part of this transaction, approximately one-half of the AHT loan will be repaid at closing. The remaining balance of the AHT loan will be paid off annually utilizing the greater

of 50% of the surplus cash or \$153,333, with a cap of 60% of surplus cash flow. This will make certain that the loan can be repaid within 7 years.

As part of the proposed improvements, POAH will place a special emphasis on long term durability and energy efficiency. Exterior plans include replacement of the siding on both projects while increasing the insulation, replacement of all exterior doors and windows, and repair/replacement of roof coverings. Inside individual units, electrical panels will be replaced. All units will receive cosmetic improvements to floor covering and painting as needed. Approximately 30% of units will receive new cabinetry, counters and sinks in the kitchen and bathrooms, in addition to new paint and floor coverings. Five (5) units will be made fully ADA compliant. Common area work includes replacement of all interior common area flooring and, upgrades to common area light fixtures to become more energy efficient.

The total development cost is approximately \$36,550,000 and has increased approximately 9% since preliminary approval. Construction costs increased about \$1.6 million and the acquisition costs increased about \$1.16 million. Construction interest and the Developer's fee increased commensurate with the increase in construction and acquisition costs.

During construction, RIHousing will issue tax-exempt bonds in an amount not to exceed \$17,500,000, which includes both the permanent loan and a bridge loan, to assist in (i) meeting the 50% test needed to be eligible to generate 4% LIHTC on all units, and (ii) to bridge the LIHTC equity. A recourse guarantee for the bridge loan will be required. The permanent loan will be amortized over 40 years but have a mandatory balloon in year 17 to improve the interest rate.

The proposed capital structure for the Development will consist of (i) construction to permanent financing utilizing tax-exempt bonds, (ii) equity from the allocation of 4% LIHTC, (iii) a deferred developer fee, (iv) various sponsor loans, (v) funds from operation, and (vi) the rollover of a portion of the existing AHT loan.

As part of the approval process, staff has determined that the Development and sponsor meet RIHousing's requirements for rollover of existing debt. Broadly, this review includes:

- Current on first mortgage or in compliance with forbearance agreement;
- No outstanding monitoring findings and no history of significant monitoring findings;
- Demonstrated, responsible long-term ownership and management of the property;
- A satisfactory equity pay-in schedule to RIHousing;
- Maximization of amortizing debt the property can support; and
- Borrower provided guarantees to cover any deficit shortfalls.

Boston Capital Corporation ("Boston Capital") will be the syndicator and is paying \$.94 per credit, an increase of \$.02 since preliminary approval. Recently it has been announced that Boston Financial Investment Management is going to acquire Boston Capital. Since the announcement, Boston Capital has reaffirmed their commitment to this transaction.

The RFA requests firm approval of \$17,500,000 in tax-exempt financing of which \$12,250,000 will remain as permanent debt.

Commissioner Orth acknowledged that the Credit Committee unanimously voted to recommend this financing. The Committee particularly appreciated the extensive renovations proposed for the development.

Chairman Retsinas asked for a motion and a second for the Firm Approval of Financing for Beachwinds Apartments (Narragansett).

A motion was duly made by Commissioner Orth and seconded by Commissioner Barry.

Following the motion and second, Ms. Clement conducted a roll call vote of the Commissioners, eligible to vote. The Commissioners voted as follows:

Chairman Retsinas	Aye
Commissioner Smiley	Aye
Commissioner Orth	Aye
Commissioner Tanner	Aye
Commissioner McAllister	Aye
Commissioner Barry	Aye
Commissioner Designee Byrne	Aye

Ms. Clement then reported that the following resolution was unanimously adopted.

**Resolution of the Board of Commissioners
Of Rhode Island Housing and Mortgage Finance Corporation**

Whereas: Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) is authorized to make loans to mortgagors or sponsors for such developments as in the judgment of RIHousing have promise of supplying well-planned, well-designed apartment units, which will provide or preserve housing for low- and moderate-income persons or families, or the elderly, or others in locations where there is a need for such housing;

Whereas: RIHousing intends to issue tax-exempt bonds for the purpose of financing qualified housing developments throughout the state;

Whereas: RIHousing is authorized to issue bridge financing at an economically acceptable rate to promote the acquisition, rehabilitation or preservation of affordable housing;

Whereas: in April 2020, the RIHousing Board of Commissioners granted preliminary approval of tax-exempt mortgage financing to the applicant (“Applicant”) listed below to acquire and/or rehabilitate the development as set forth below (the “Development”):

<u>Development</u>	<u>Applicant</u>	<u>Tax- Exempt Bonds</u>
Beachwinds Apartments	Preservation of Affordable Housing, Inc.	\$17,500,000

Whereas: said bonds shall have a term not to exceed 40 years and shall be in the approximate amount sufficient to finance the mortgage, pay the costs of issuance, fund a capital reserve fund and to provide the capitalized interest if determined to be necessary; and

Whereas: the RIHousing Board of Commissioners and staff have reviewed the submission of the Applicant for mortgage financing and determined that the Development qualifies for financing under RIHousing’s enabling legislation, regulations, guidelines and policies.

NOW, THEREFORE, IT IS HEREBY:

Resolved: that subject to the special conditions listed below, RIHousing hereby declares firm commitment for tax-exempt mortgage financing for Beachwinds II Preservation Associates Limited Partnership or an affiliated entity (the “Borrower”) in an amount not to exceed \$17,500,000 for rental housing known as Beachwinds Apartments located in Narraganset, RI;

Resolved: that RIHousing hereby declares that this firm commitment of financing for the Borrower constitutes the affirmative official act of RIHousing of its intention to issue bonds to finance up to \$17,500,000 in mortgage funds, plus the required bond reserve funds, and the related costs of issuance for the bond issue for the above-referenced Development pursuant to the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder; and this resolution shall take effect immediately upon adoption;

Resolved: that the foregoing resolutions are subject to the following special conditions:

- Syndication equity from the allocation of low-income housing tax credits in an amount sufficient to achieve project feasibility.
- Final approval of plans and specifications by RIHousing, as well as related construction contract documentation.
- Execution of a construction completion guarantee from the Applicant that includes a guarantee of bridge loan repayment, cost overruns and/or equity shortfalls.
- Approval by bond underwriter and bond counsel that the loans will satisfy all required bond provisions for the bond issue.
- Approval by RIHousing of all management related issues including the

marketing and tenant selection plans.

- Confirmation satisfactory to RIHousing that the syndicator's tax counsel has performed a true debt analysis of the financing for the Development. Such confirmation shall consist of a copy of the tax opinion issued by the syndicator's tax counsel, or another form of written confirmation satisfactory to RIHousing.
- Evidence that the Town of Narragansett Tax Assessor has approved the statutory "8% tax treatment" for the Development and will limit the taxation of the Development to 8% or less of gross scheduled rental income.
- Evidence the 2 Housing Assistance Payment ("HAP") contracts have been extended for a new 20-year term.
- FHA Risk-Sharing approval from the U.S. Department of Housing and Urban Development for a minimum of 50% of the first mortgage loan.
- Completion of all items required for closing in accordance with normal underwriting and processing requirements.

Resolved: that the Executive Director, the Deputy Executive Director, or the Director of Development each acting singly, shall take any and all actions they deem necessary to carry out the foregoing resolutions.

Firm Approval of Financing for Riverside House Apartments (East Providence)

Chairman Retsinas announced that Mr. Shorter would also present this transaction.

Mr. Shorter stated that this request is for firm approval of taxable refinancing in the amount of \$6,286,500 for Riverside House Apartments ("Riverside" or the "Development"), an existing affordable housing development currently financed by Rhode Island Housing and Mortgage Finance Corporation ("RIHousing"). The Development is owned by Willett/Riverside, LLC, (the "Borrower"), who is also acting as the developer. Preliminary approval of taxable refinancing for Riverside was granted by the Board of Commissioners on March 19, 2020.

Riverside is an existing 55-unit elderly affordable housing development located on Willett Avenue in the Riverside neighborhood of East Providence, RI. The Development consists of a 3-story, 55-unit apartment building built circa 1983 and was last renovated in 2005. There are 50 one-bedroom and 5 two-bedroom units. The Development is subsidized by the U.S. Department of Housing and Urban Development ("HUD") through a Section 8 Housing Assistance Payment ("HAP") Contract that is effective through November 2033. Riverside is well located within a suburban location. The neighborhood has access to the Interstate 195/Pawtucket Avenue interchange about 4.5 miles to the north via Routes 103 and 114. Alternative access to the interstate highway is offered by Wampanoag Trail/East Shore Expressway, via Route 103 traveling east into Barrington. RIPTA Bus service is also provided along Willett Avenue with a bus stop located across the street from the subject property.

The owners of Willett/Riverside, LLC are Roland (James) Ferland and David Ferland. These 2 individuals assumed ownership control in 2005. No change in ownership interest will occur as a

result of this proposed transaction. The property management firm is Craig Management Company, Inc., which is owned by James Ferland.

The proceeds of the new financing will be utilized to pay off the existing mortgage, undertake various unit and common area upgrades, recapitalize the reserves, and make an equity distribution to the partners. The rehabilitation budget is approximately \$1.1 million. The proposed work includes: replacement of the emergency generator, replacement of all windows, grinding and repaving the asphalt parking lot, painting and new floor covering in all common areas and new kitchens in 34 of the 55 units that have not previously had a kitchen upgrade. In order to ensure the property is adequately capitalized in future years, a new replacement reserve account will be capitalized with \$110,000 or \$2,000 per unit. The Borrower will also make annual deposits of \$300 per unit into the replacement reserve, and an updated capital needs assessment (“CNA”) will be commissioned every 5 years to reassess property needs and ensure there are adequate replacement reserves.

RIHousing currently holds the first mortgage and is familiar with the property and operations. In addition to the rehabilitation, the Borrower will withdraw a portion of accrued equity in the Development. The proposed refinancing is consistent with RIHousing’s taxable loan program that replaced the Treasury-HUD Federal Financing Bank (“FFB”) HFA Multifamily Risk Sharing Loan Financing Initiative, which was suspended by HUD in 2018. As part of the approval process, staff determined that the Development and owner meet RIHousing’s requirements for participating in the taxable loan program. Broadly, this review included:

- Compliance with HUD’s requirements
- Demonstrated responsible long-term ownership and management of the property
- A 20-year HAP Contract with a minimum of 10 years remaining
- Adequately funded replacement and operating reserves
- Low vacancy rates
- Financially beneficial to RIHousing
- Execution of a new 40-year affordability agreement
- Consistency with RIHousing’s standard underwriting requirements

The refinancing of the Development will extend the affordability period for another 40 years. As part of this refinancing, RIHousing will receive an origination fee of \$215,600 and the Borrower will cover the cost of issuance fees associated with the financing.

RIHousing commissioned an appraisal seeking the “as-is” and “as complete and stabilized” values assuming the lower of market rents or the current HAP rents. Consistent with the values in the appraisal, the proposed loan is underwritten to the HAP rents for the 1-bedroom units (lower than market rents) and the current market rents for the 2-bedroom units (less than the HAP rents).

The RFA is for firm approval of taxable financing in an amount up to \$6,286,500 for the Development.

Commissioner Orth affirmed that the Credit Committee supports approval. Commissioner Orth stated that the Credit Committee discussed the request noting that this is a long term strong, responsible borrower who has adequate replacement reserves for the future and is providing ample restorations to the site. The application meets all the requirements of the program.

Following the presentation, Chairman Retsinas asked for a motion and a second for the Firm Approval of Financing for Riverside House Apartments (East Providence).

A motion was made by Commissioner Orth and seconded by Commissioner Barry.

Ms. Clement, General Counsel, then conducted a roll call vote of the Commissioners, eligible to vote. The Commissioners voted as follows:

Chairman Retsinas	Aye
Commissioner Smiley	Aye
Commissioner Orth	Aye
Commissioner Tanner	Aye
Commissioner McAllister	Aye
Commissioner Barry	Aye
Commissioner Designee Byrne	Aye

Ms. Clement then reported that the following resolution was unanimously adopted:

**Resolution of the Board of Commissioners
Of Rhode Island Housing and Mortgage Finance Corporation**

Whereas: Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) is authorized to make loans to mortgagors or sponsors for such developments as in the judgment of RIHousing have promise of supplying well-planned, well-designed apartment units, which will provide housing for low- and moderate-income persons or families, or the elderly, or others in locations where there is a need for such housing;

Whereas: RIHousing intends to provide taxable loan funds for the purpose of financing qualified housing developments throughout the state;

Whereas: in March 2020, the RIHousing Board of Commissioners granted preliminary approval of taxable refinancing for the applicant (“Applicant”) listed below to rehabilitate the development (“Development”) as set forth below:

<u>Development</u>	<u>Applicant</u>	<u>Loan</u>
Riverside House Apartments	Willett/Riverside, LLC	\$6,286,500

Whereas: said loan shall have a term not to exceed 40 years and shall be in the approximate amount sufficient to finance the mortgage, pay the costs of issuance, fund a capital reserve fund and provide the capitalized interest if determined to be necessary; and

Whereas: RIHousing Board of Commissioners and staff reviewed the submission and determined that the Development qualifies for financing under RIHousing’s enabling legislation, regulations, guidelines and policies.

NOW, THEREFORE, IT IS HEREBY:

Resolved: that, subject to the special conditions listed below, RIHousing hereby authorizes firm approval of taxable refinancing to Willett/Riverside, LLC in an amount not to exceed \$6,286,500 for the rehabilitation of rental housing known as Riverside House Apartments located in East Providence, Rhode Island;

Resolved: that the foregoing resolution is subject to the following conditions:

- Approval by RIHousing of the final scope of the rehabilitation work.
- Approval by RIHousing of construction plans and specifications, as well as related construction contract documentation.
- Execution and delivery by the Applicant of a Construction Completion Guaranty in form and substance satisfactory to RIHousing.
- FHA Risk Sharing approval from the U.S. Department of Housing and Urban Development for a minimum of 50% of the first mortgage.
- Evidence that the City of East Providence Tax Assessor has approved the statutory “8% tax treatment” for the Development and will limit the taxation of the Development to 8% or less of gross scheduled rental income.
- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements.

Resolved: that the Executive Director, Deputy Executive Director, or the Director of Development each acting singly, shall take any and all actions they deem necessary to carry out the foregoing resolutions.

Firm Approval of Reservation of Low-Income Housing Tax Credits (LIHTC) and Financing for Brookside Terrace Phase II (East Greenwich)

Mr. Shorter made this presentation.

The Request for Action (“RFA”) is for firm approval of the reservation of up to \$1,239,502 of 2020 and 2021 low-income housing tax credits (“LIHTC”), and firm approval of (i) a taxable first mortgage in an amount up to \$1,125,000, and (ii) a Housing Trust Fund (“HTF”) Program loan in the amount of \$720,000 for Brookside Terrace Phase II (the “Development” or “BT Phase II”), a 48-unit rental housing development located in East Greenwich, Rhode Island. The

developer is Dakota Partners, Inc. (“DPI” or the “Developer”), a Massachusetts based for-profit developer with a portfolio of workforce and affordable housing developments in Rhode Island, Connecticut, New Hampshire and Massachusetts. In May 2020, the Board of Commissioners of Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) approved the preliminary reservation of LIHTC and financing for the Development.

The Development is the second phase of a 2-phase 96-unit affordable housing development in East Greenwich. BT Phase II will consist of 48 units in 2 three-story garden-style newly-constructed residential buildings. The proposed buildings will provide a mix of 12 one-bedroom and 36 two-bedroom units and will benefit from a single-story clubhouse/community building and other site infrastructure being built as part of Brookside Terrace Phase I (“BT Phase I”). The Development will include energy-efficient elements including passive housing design and National Grid’s Residential New Construction Tier II standards. The 17-acre site is well located along South County Trail (Route 2) and is close to many shopping and recreation amenities. Much of the site is wetlands and unsuitable for further development and these areas will remain undisturbed.

Six (6) of the units will be affordable to tenants at 30% area median income (“AMI”) and will be designated as HUD Section 811 Program units with an associated HUD Section 811 project-based voucher contract. The remaining 42 units will be restricted to residents with incomes at or below 60% AMI. A market study recently commissioned for BT Phase II supports the proposed 60% AMI units evidencing desirable penetration and absorption rates.

The Town of East Greenwich has the highest median income in the state and housing prices are well above the median price of a home in Rhode Island. There is very little affordable rental housing in the area. The Town of East Greenwich modified its zoning ordinances to increase multifamily zoned land in areas that are accessible to services, transportation and facilities. The combined BT Phase I and BT Phase II parcels were specifically targeted by the town in its Comprehensive Plan to expand the availability of affordable housing in East Greenwich.

As with BT Phase I, DPI will self-perform the construction and has developed a construction budget based on actual subcontractor bids for the BT Phase I project as the buildings are identical. DPI has outlined an aggressive schedule to move the Development forward. The Developer has submitted 90% plans and specifications with 100% plans expected by mid-October. The Developer is expecting a December 2020 closing.

As part of the underwriting process, RIHousing staff has worked with the Developer since preliminary approval to appropriately size the soft cost budget, including reserves and carrying costs, to ensure that the minimum amount of tax credits and soft sources are allocated to the Development. Several of the project’s strengths include: (i) a strong developer and builder who is currently developing BT Phase I along with Lincoln Lofts and other affordable and mixed income multifamily housing developments throughout New England; (ii) site work and infrastructure constructed for BT Phase I that reduce the total development costs for the BT Phase II project; (iii) the development of housing in a community with less than 10% affordable housing; (iv) the utilization of energy-efficient elements including passive housing design and National Grid’s Residential New Construction Tier II standards; and (v) significant access to

retail, entertainment, schools, government and employment opportunities given the location of the site in a highly developed commercial area.

RIHousing has the authority to designate projects as difficult to develop to increase a project's eligible basis by up to 30%. Per Section 42(d)(5)(B) of the Internal Revenue Code, RIHousing has designated all buildings in the Development as difficult to develop, allowing for the 30% basis boost making the project financially feasible as part of a qualified low-income housing project.

Santander Bank, N.A. ("Santander") will provide a \$9,000,000 construction loan for the Development. RedStone Equity Partners ("Redstone") has provided a letter of interest ("LOI") to DPI with pricing of approximately \$0.9425 for the LIHTC. Santander is the investor in the Redstone Fund. The total development costs for BT Phase II are approximately \$13,500,000. Proposed permanent sources of funding include: (i) a permanent first mortgage loan from RIHousing, (ii) syndication equity from the allocation of the LIHTC, and (iii) a HTF Program loan from RIHousing.

The RFA is for firm approval of a reservation of up to \$1,239,502 of 2020 and 2021 LIHTC, and firm approval of (i) a first mortgage loan in an amount of up to \$1,125,000, and (ii) a HTF Program loan in an amount of up to \$720,000.

Commissioner Orth said that this is the third project that Dakota Partners has structured in Rhode Island and they have been very successful in their efforts. The Town of East Greenwich is also pleased with the project as it increases its share of affordable housing units. The Committee voted to approve the request.

Chairman Retsinas then asked for a motion and a second for the Firm Approval of Reservation of Low-Income Housing Tax Credits (LIHTC) and Financing for Brookside Terrace Phase II (East Greenwich).

Commissioner Designee Byrne commented that she is excited to see three (3) projects that are outside the urban core. The State's goal is to establish affordable housing in all areas of Rhode Island and she congratulated staff on furthering that mission.

Chairman Retsinas reiterated Commissioner Designee Byrne's sentiment stating that the geographic diversity of these projects is impressive.

A motion was made by Commissioner Orth and seconded by Commissioner Barry. Ms. Clement, General Counsel, next conducted a roll call vote of the Commissioners, eligible to vote. The Commissioners voted as follows:

Chairman Retsinas	Aye
Commissioner Smiley	Aye
Commissioner Orth	Aye
Commissioner Tanner	Aye
Commissioner McAllister	Aye

Commissioner Barry Aye
Commissioner Designee Byrne Aye

Ms. Clement then reported that the following resolution was unanimously adopted:

**Resolution of the Board of Commissioners of
Rhode Island Housing and Mortgage Finance Corporation**

Whereas, Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) is authorized to make loans to mortgagors or sponsors for such developments as in the judgment of RIHousing have promise of supplying well-planned, well-designed apartment units, which will provide housing for low- and moderate-income persons or families, or the elderly, or others in locations where there is a need for such housing; and

Whereas, the Low-Income Housing Tax Credit Program (the “Program”) was created as part of the Tax Reform Act of 1986, as amended (the “Act”); and

Whereas, RIHousing has been designated the administrator of the Program in the State of Rhode Island; and

Whereas, in May 2020, the RIHousing Board of Commissioners granted preliminary approval of the reservation of low-income housing tax credits available in calendar years 2020 and/or 2021 (the “Tax Credits”) for construction and/or permanent financing for the applicant (“Applicant”) listed below to construct the development (“Development”) as set forth below:

Applicant	Development	9% LIHTCs	RIHousing 1st Mortgage	HTF Program Loan
Dakota Partners, Inc.	Brookside Terrace Phase II	\$1,239,502	\$1,125,000	\$720,000

Whereas, RIHousing Board of Commissioners and staff reviewed the Applicant’s submission for the reservation of Tax Credits and determined that the submission qualifies for the reservation of up to \$1,239,502 of allocated 2020 and 2021 Tax Credits pursuant to Section 4.3 of the Rules Relative to Multifamily Loan Programs - Allocation of Low-Income Housing Tax Credits (825-RICR-30-00-4) (the “RIHousing Regulations”); and

Whereas, RIHousing Board of Commissioners and staff reviewed the Applicant’s submission, inspected the site, and determined that the Development qualifies for financing under RIHousing’s enabling legislation, regulations, guidelines and policies.

NOW, THEREFORE, IT IS HEREBY:

Resolved, that, subject to the special conditions listed below, RIHousing hereby approves firm commitment of the reservation of up to \$1,239,502 of allocated 2020 and 2021 Tax Credits for the Applicant pursuant to the RIHousing Regulations, and further, that any final allocation shall be made at such time as the applicant complies with the requirements of the Act and the RIHousing Regulations.

Resolved, that, subject to the special conditions listed below, RIHousing hereby approves firm commitment of up to \$1,125,000 for a taxable first mortgage loan to Dakota Partners, Inc. or an affiliated entity (the “Borrower”) for rental housing to be located in East Greenwich, Rhode Island and known as Brookside Terrace Phase II.

Resolved, that, subject to the special conditions listed below RIHousing hereby approves firm commitment for a Housing Trust Fund loan to the Borrower in an amount not to exceed \$720,000 for rental housing to be located in East Greenwich, Rhode Island and known as Brookside Terrace Phase II.

Resolved, that, the foregoing resolutions are subject to the following special conditions:

- Availability of subordinate financing in amounts sufficient to achieve project feasibility or the availability of alternative equity satisfactory to RIHousing.
- Syndication equity from the allocation of low-income housing tax credits in an amount sufficient to achieve project feasibility or the availability of alternative equity satisfactory to RIHousing.
- Final approval by RIHousing of all management related issues including the marketing and tenant selection plans.
- Final approval of plans and specifications by RIHousing, as well as related construction documentation.
- Execution and delivery by the Borrower of a Construction Completion Guaranty in form and substance satisfactory to RIHousing and any lender.
- Closing of a construction loan with Santander Bank, N.A. in amounts sufficient to achieve project feasibility.
- FHA Risk Sharing approval from the U.S. Department of Housing and Urban Development for a minimum of 50% of the first mortgage.
- Completion of all items required for firm commitment and closing in accordance with normal underwriting and processing requirements.

Resolved, that the Executive Director, Deputy Executive Director, and the Director of Development, each acting singly, be and hereby are authorized to take all actions they deem necessary or desirable to carry out the forgoing resolutions.

Approval of Transfer of Physical Assets (TPA) for Village Woonsocket Apartments (Woonsocket)

Chairman Retsinas shared that Mr. Shorter would present this recommendation.

Mr. Shorter said that this request is for approval of the transfer of the general partnership interest in Village Woonsocket Apartments (aka Blackstone Terrace) (the “Development”), an affordable family housing development located in Woonsocket.

The Development consists of 122-unit family apartment at 2 adjacent sites. Originally built between 1975 and 1982, the Development was purchased and refinanced in 2011 through the Low-Income Housing Tax Credit (“LIHTC”) Program and with tax-exempt bond financing from Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”). In total, the Development consists of 40 one-bedroom, 49 two-bedroom, 41 three-bedroom and 5 four-bedroom units. All the apartments in the Development currently receive project-based Section 8 assistance pursuant to 3 Housing Assistance Payment (“HAP”) contracts. The Development’s initial 15-year compliance period ends in 2027 and the LIHTC restrictions remain until 2042. The Regulatory Agreement expires in 2052.

Fairstead Affordable, LLC (“Fairstead”) has requested RIHousing’s approval to sell the general partnership interest to Village Woonsocket FA Owner, LLC, (the “Transferee”), a Delaware limited liability company wholly owned by FA Acquisitions II LLC, an affiliate of Fairstead. Under RIHousing’s Rules Relative to Multifamily Loan Programs, Proposed Prepayments or Transfers, as amended (the “TPA Regulations”), project owners must obtain RIHousing’s approval and comply with RIHousing’s administrative procedures for the transfer of physical assets before conveying, assigning or transferring any ownership interest in a multifamily housing project.

The owner of the Development is Village Woonsocket, L.P. The current general partner of the development, Village Woonsocket Management, LLC, (“VWM”), a Rhode Island limited liability company, holds a .01% interest in the partnership. The manager of VWM is Drew Fitch of Atlantic Development, LLC. The current investor limited partners in the Development are affiliates of Boston Capital Corporation. Boston Capital Corporate Tax Credit Fund XXXV (“BCCTCF”) holds a 99.99% interest and BCCC, Inc. is a special limiter partner with no ownership interest.

Fairstead will provide the equity for the Transferee to purchase the general partner interest from VWM. No new financing is currently anticipated. The Transferee will assume all existing obligations encumbering the Development.

Approximately \$5.3 million in repairs were undertaken when the Development was financed in 2011. Exterior repairs included new roofing, windows and doors, as well as extensive site work and drainage improvements. Interior work included mechanical and electric upgrades, fire protection improvements, kitchen and bathroom renovations and upgrades to meet ADA requirements. The entire heating and domestic hot water system at the primary site was modernized as well. Fairstead has commissioned a capital needs assessment (“CNA”). The Development appears to be in good condition. The initial draft of the CNA identified only \$350 of critical repairs and shows that the replacement reserve is adequately funded beyond the initial compliance period of the Development

When refinanced in 2011, the Development received a loan from the Affordable Housing Trust Fund (“AHT”) to be paid out of surplus cash. The current loan balance is approximately \$454,970. It is anticipated that the balance will be repaid at the end of the current fiscal year (12/31/2020) upon receipt and approval of the audited financial statement.

The staff of the Asset Management Department and Development Division jointly reviewed this request under the TPA Regulations and determined that the proposed transaction complies with the regulatory requirements. The Development received a score of 88 out of 100 under RIHousing’s risk rating protocol. The debt service coverage was 1.25 in December 2019. The operating and replacement reserves are well funded.

As part of the transfer, the existing property manager will be replaced by SHP Management Corp. (“SHP”). SHP has been an active manager of affordable and subsidized properties since 1992. Currently, they manage 69 projects with more than 11,000 units for both related and unrelated entities. SHP currently manages Fairstead’s properties in Ohio, Connecticut, Florida and RI. There is no identity relationship between SHP and Fairstead. SHP has managed numerous properties in RIHousing’s portfolio over the past 30 years, and currently manages several developments in RI including 2 properties owned by Fairstead.

In addition to RIHousing’s approval, the U.S. Department of Housing and Urban Development (“HUD”) must approve both the transfer of the general partner interest and the change in management agent. Two separate HUD approvals are required; HUD must approve under the Section 8 program and because the permanent loan is insured with HUD, under the Risk Sharing program as well.

The resolution approving the transfer of the limited partnership interest, subject to the conditions contained therein, is recommended for approval.

Commissioner Orth affirmed that this transaction is merely procedural, complies with TPA requirements and the Credit Committee endorsed approval.

Following the presentation, Chairman Retsinas asked for a motion and a second for the Approval of Transfer of Physical Assets (TPA) for Village Woonsocket Apartments (Woonsocket).

A motion was made by Commissioner Orth and seconded by Commissioner Barry.

Ms. Clement, General Counsel, then conducted a roll call vote of the Commissioners, eligible to vote. The Commissioners voted as follows:

Chairman Retsinas	Aye
Commissioner Smiley	Aye
Commissioner Orth	Aye
Commissioner Tanner	Aye
Commissioner McAllister	Aye
Commissioner Barry	Aye

Ms. Clement then reported that the following resolution was unanimously adopted:

**Resolution of the Board of Commissioners
Of Rhode Island Housing and Mortgage Finance Corporation**

WHEREAS: under Rhode Island Housing and Mortgage Finance Corporation (“RIHousing”) Rules Relative to Multifamily Loan Programs, Proposed Prepayments or Transfers, (the “TPA Regulations”), project owners must obtain RIHousing’s approval and comply with RIHousing’s administrative procedures for the transfer of physical assets before conveying, assigning or transferring any ownership interest in a multifamily housing project; and

WHEREAS: Fairstead Affordable, LLC (“Fairstead”) seeks approval of the transfer of the general partnership interest in Village Woonsocket, L.P., the owner of Village Woonsocket Apartments (the “Development”), from Village Woonsocket Management, LLC (“VWM”) to Village Woonsocket FA Owner, LLC, an affiliate of Fairstead; and

WHEREAS: staff has reviewed this request under the TPA Regulations and determined that the proposed transaction complies with the regulatory requirements.

NOW, THEREFORE, IT IS HEREBY:

RESOLVED: that the transfer of the general partnership interest in the Development from VWM to Village Woonsocket FA Owner, LLC, be, and hereby is, approved, subject to the following terms and conditions:

1. Receipt by RIHousing of all application materials required in Phases 2 and 3 of the TPA Regulations except for such requirements as may be waived or modified by the Executive Director, consistent with the nature of this transaction and protection of the interests of RIHousing.
2. Approval of the transfer of both the general partner interest and the management agent by the U.S. Department of Housing and Urban Development (“HUD”) under the HUD Risk Sharing Program and the Section 8 rental assistance program.
3. Approval of the transfer by the limited partners in the Development, affiliates of Boston Capital Corporation.
4. Satisfaction of any additional requirements that the Executive Director believes to be necessary or advisable to protect the interests of RIHousing with respect to the Development.

RESOLVED: that the Executive Director, the Deputy Executive Director, or the Director of Development each acting singly, be and hereby is authorized to execute and deliver on behalf of RIHousing all documents necessary or advisable to consummate such transfer and to take such further actions as he or she shall deem necessary or advisable in connection therewith.

There being no further business to discuss, Chairman Retsinas asked for a motion to adjourn the Board of Commissioners meeting. A motion was duly made by Commissioner Smiley and seconded by Commissioner Orth to adjourn the meeting.

Ms. Clement then conducted a roll call vote of the Commissioners, eligible to vote, in response to a vote for adjournment. The Commissioners voted as follows:

Chairman Retsinas	Aye
Commissioner Smiley	Aye
Commissioner Orth	Aye
Commissioner Tanner	Aye
Commissioner McAllister	Aye
Commissioner Barry	Aye
Commissioner Designee Byrne	Aye

Ms. Clement announced that the motion to adjourn was unanimously approved. The meeting was adjourned at 10:05am.

Chairman Retsinas then thanked everyone for participating in the telephonic Board meeting.

Respectfully submitted,

Carol Ventura
Secretary and Executive Director